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IN THE

Supreme Court of the United States

OCTOBER TERM, 1942.

Nos. 34, 35, 36

IN THE MATTER OF THE
CHICAGO AND NORTH WESTERN RAILWAY COMPANY, DEBTOR.

CHICAGO AND NORTH WESTERN RAILWAY COMPANY, DEBTOR,
Petitioner,

vs.

MUTUAL SAVINGS BANK GROUP COMMITTEE, ET AL.,
Respondents.

BRIEF OF LIFE INSURANCE GROUP COMMITTEE AND MUTUAL SAVINGS BANK GROUP COMMITTEE, IN OPPOSITION TO THE DEBTOR'S SECOND MOTION FURTHER TO SUPPLEMENT THE RECORD.

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March 29, 1943.

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BRIEF OF LIFE INSURANCE GROUP COMMITTEE AND MUTUAL SAVINGS BANK GROUP COMMITTEE, IN OPPOSITION TO THE DEBTOR'S SECOND MOTION FURTHER TO SUPPLEMENT THE RECORD.

Certain figures relating to war earnings are set forth in the debtor's "Second Motion Further to Supplement the

Record'' and supporting brief which the debtor has filed on behalf of the stock interests. Such figures are grossly misleading even in respect to the income from wartime traffic for the reasons stated in our brief of December 29, 1942, to which we respectfully refer the Court, in reply to the debtor's initial motion to supplement the record.

We described there also, the comprehensive studies which the Commission considered in making its finding as to the road's true, long-term earning capacity. (pp. 16-19) That finding by the Commission is made the cornerstone of a plan that will serve as a basis for the company's financial structure for the indefinite future.

The Court's statements respecting war earnings in the *Milwaukee* and *Western Pacific* opinions apply with equal force here. The record shows the earnings experience of this property during the last war. In 1914 and 1915 the gross revenues of the debtor averaged approximately $82,500,000 and the net railway operating income remained fairly constant at slightly more than $19,000,000. (Com. Ex. 523, pp. 214, 226)[1] In 1916 the gross revenues increased some $17,000,000 over those in the previous year, and the net shot up by approximately $8,250,000. In 1917, however, wage increases resulting from the Adamson Act of 1916, coupled with a rise in material prices, began seriously to cut into profits even though gross revenues continued to rise. (R. 4792) The debtor's gross revenues for 1917 mounted some $11,000,000 higher than in 1916, but the net railway operating income declined by almost $4,000,000. (Com. Ex. 523, pp. 215, 226) The net railway operating income of this railroad before, during, and im-

[1] The effect of the European War which began in August, 1914, upon traffic of American railroads was not measurably felt until 1916, when American exports rose from $2,716,000,000 in the preceding year to $4,272,000,000. (I. L. Sharfman, The American Railroad Problem, pp. 66-67)

mediately following the temporary bulge of earnings in that conflict is shown in the following table, which is taken from Com. Ex. 523, pp. 215-6:

Year	Net Railway Operating Income
1915	$19,393,742
1916	27,714,458
1917	23,762,324
1918	12,441,437
1919	*12,678,750* (*Deficit*)
1920	1,609,231
1921	6,651,136

These figures show again the temporary and illusory character of wartime earnings. They lasted only a short time, and the road was then left in a much worse condition than before, the upsurge in earnings being translated into a tremendous operating deficit as early as 1919.

We respectfully ask that the debtor's motion be denied and that the petitions for certiorari likewise be denied.

Respectfully submitted,

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